

Decision 00-09-020 September 7, 2000

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of PREPAID TEL.COM, INC. for  
Amendment to Certificate of Public Convenience  
and Necessity in Order to Provide Facilities  
Based Competitive Local Exchange, Access and  
Non-Dominant Interexchange Services.

Application 00-06-016  
(Filed June 9, 2000)

**O P I N I O N**

**I. Summary**

Prepaid Tel.com Inc. (applicant) seeks to amend its certificate of public convenience and necessity (CPCN) in order to provide limited facilities-based local exchange and interexchange telecommunications services, and to expand its service area. By this decision, we grant the authority requested subject to the terms and conditions set forth below.

**II. Background**

By Decision (D.) 84-01-037 (14 CPUC2d 317 (1984)) and later decisions, we authorized interLATA entry generally.<sup>1</sup> However, we limited the authority conferred to interLATA service; and we subjected the applicants to the condition

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<sup>1</sup> California is divided into 10 Local Access and Transport Areas (LATAs) of various sizes, each containing numerous local telephone exchanges. "InterLATA" describes services, revenues, and functions that relate to telecommunications originating in one LATA and terminating in another. "IntraLATA" describes services, revenues, and functions that relate to telecommunications originating and terminating within a single LATA.

that they not hold themselves out to the public as providing intraLATA service. Subsequently, by D.94-09-065, we authorized competitive intraLATA interexchange services effective January 1, 1995, for carriers meeting specified criteria.

In D.95-07-054 and D.95-12-056, we authorized the filing of applications for authority to offer competitive local exchange service within the territories of Pacific Bell (Pacific) and GTE California Incorporated (GTEC). Applicants who are granted authority to provide competitive local exchange service must comply with various rules, including: (1) the consumer protection rules set forth in Appendix B of D.95-07-054; (2) the rules for local exchange competition set forth in Appendix C of D.95-12-056; and (3) the customer notification and education rules adopted in D.96-04-049.

By D. 97-09-115, we extended coverage of our adopted rules for local exchange competition to the service territories of Roseville Telephone Company (RTC) and Citizens Telecommunications Company of California, Inc. (CTC).

By D.99-06-009 in A. 99-03-030, we granted applicant a CPCN to provide resold local exchange service in Pacific's and GTEC's service territories, as well as interexchange service.

### **III. Overview of the Application**

Applicant, a Delaware corporation, filed Application (A.) 00-06-016 on June 9, 2000. There were no protests to the application. Applicant seeks to amend its CPCN to provide facilities-based interexchange service as a nondominant interexchange carrier (NDIEC), and local exchange service as a competitive local carrier (CLC) throughout Pacific's, GTEC's, RTC's and CTC's service territories.

Since applicant already has a CPCN as described above, we must determine whether applicant meets the financial and California Environmental Quality Act (CEQA) requirements.

#### **IV. Procedural Matters**

In Resolution ALJ 176-3041, dated June 22, 2000, the Commission preliminarily categorized this application as ratesetting, and preliminarily determined that hearings were not necessary. No protests have been received. Given this status, a public hearing is not necessary, and it is not necessary to alter the preliminary determinations.

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code Section 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

#### **V. Financial Qualifications of Applicant**

To be granted a CPCN, an applicant for authority to provide facilities-based local exchange and/or interexchange services must demonstrate that it has a minimum of \$100,000 of cash or cash equivalent to meet the firm's start-up expenses.<sup>2</sup> To meet this requirement, applicant provided a letter from its bank that demonstrated that it has sufficient cash to meet this requirement.

An applicant seeking authority to provide local exchange or interexchange services must also demonstrate that it has sufficient additional resources to cover all deposits required by local exchange carriers (LECs) and/or interexchange

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<sup>2</sup> The financial requirement for CLCs is contained in D.95-12-056, Appendix C. The financial requirement for NDIECs is contained in D.91-10-041.

carriers (IECs).<sup>3</sup> Applicant represented that it does not owe deposits to any telecommunications carrier.

We find that applicant has met our requirement that it possesses sufficient financial resources to fund its operations.

## **VI. CEQA**

CEQA requires the Commission as the designated lead agency to assess the potential environmental impact of a project in order that adverse effects are avoided, alternatives are investigated, and environmental quality is restored or enhanced to the fullest extent possible. Applicant represented that it will not be constructing any facilities, except for equipment to be installed in existing buildings or structures, for the purpose of providing interexchange or local exchange services. Therefore, it can be seen with certainty that there is no possibility that granting this application will have an adverse effect upon the environment.

## **VII. Motion to File Under Seal**

Concurrent with its application, applicant filed a motion for leave to file confidential financial information under seal. The financial information consists of financial statements, a letter from its bank, and its estimated number of customers in the first and fifth years. Applicant represented that this information is highly sensitive. Applicant further represented that disclosure of this information could put it at an unfair business disadvantage.

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<sup>3</sup> The requirement for CLC applicants to demonstrate that they have additional financial resources to meet any deposits required by underlying LECs and/or IECs is set forth in D.95-12-056, Appendix C. For NDIECs, the requirement is found in D.93-05-010.

Applicant stated grounds, under general Order 66-C, and authority cited therein, for the requested relief. The Commission has accepted similar data under seal in other proceedings. Applicant's motion is unopposed. A public hearing on the motion is not needed. We will grant the motion.

### **VIII. Conclusion**

We conclude that the application conforms to our rules for certification to provide facilities-based competitive local exchange and interexchange telecommunications services. Accordingly, we shall approve the application subject to the terms and conditions set forth herein.

### **Findings of Fact**

1. Notice of A.00-06-016 appeared in the Daily Calendar on June 15, 2000.
2. No protests have been filed.
3. A hearing is not required.
4. In prior Commission decisions, competition in providing interLATA telecommunications services was authorized, but those offering such services were generally barred from holding out to the public the provision of intraLATA service.
5. In D.94-09-065, the Commission authorized competitive intraLATA services effective January 1, 1995, for carriers meeting specified criteria.
6. In prior decisions the Commission authorized competition in providing local exchange telecommunications service within the service territories of Pacific, GTEC, RTC and CTC.
7. In D.95-07-054, D.95-12-056, D.95-12-057, and D.96-02-072, the Commission authorized CLCs meeting specified criteria to offer facilities-based services effective January 1, 1996, and resale services effective March 31, 1996.

8. By D.99-06-009 in A. 99-03-030, the Commission granted applicant a CPCN to provide resold local exchange service in Pacific's and GTEC's service territories, as well as interexchange service.

9. Applicant has a minimum of \$100,000 of cash or cash equivalent that is reasonably liquid and readily available to meet its start-up expenses.

10. Applicant does not owe deposits to any telecommunications carrier.

11. Applicant will not be constructing any facilities, except for equipment to be installed in existing buildings or structures, for the purposes of providing interexchange or local exchange service.

12. By D.97-06-107, all interexchange carriers and CLCs are no longer required to comply with General Order 96-A, subsections III.G(1) and (2), and Commission Rules of Practice and Procedure 18(b).

13. Concurrent with its application, applicant filed a motion for leave to file financial information under seal.

14. Applicant states grounds under General Order 66-C for the requested relief.

15. The Commission has accepted similar data under seal in other proceedings.

16. The motion is unopposed and no hearings are needed.

### **Conclusions of Law**

1. Applicant has the financial and technical ability to provide the proposed service.

2. Public convenience and necessity require that applicant's competitive local exchange and interexchange services be subject to the terms and conditions set forth herein.

3. Since applicant will not be constructing any facilities, except for equipment to be installed in existing buildings or structures, it can be seen with certainty that there will be no significant effect on the environment.

4. The application should be granted to the extent set forth below.

5. Applicant should be required to file amended tariffs to reflect the authority granted herein.

6. Because of the public interest in competitive local exchange and interexchange services, the following order should be effective immediately.

7. Applicant's motion to file financial information under seal should be granted.

## **O R D E R**

### **IT IS ORDERED** that:

1. The request of Prepaid Tel.com, Inc. (applicant) to amend its certificate of public convenience and necessity (CPCN) to allow it to operate as a limited facilities-based provider of competitive local exchange and interexchange services is granted, subject to the terms and conditions set forth below.

2. Applicant is authorized to provide local exchange service as a competitive local carrier (CLC) throughout the service territories of Pacific Bell, GTE California Incorporated, Roseville Telephone Company, and Citizens Telecommunications Company of California, Inc.

3. Applicant is not authorized to construct any facilities, except for equipment to be installed in existing buildings or structures, and must file an application to amend its CPCN in order to do so.

4. Applicant shall comply with all applicable rules adopted in the Local Exchange Competition proceeding (R.95-04-043, I.95-04-044), the Commission's rules and regulations for NDIECs set forth in D.93-05-010 and D.90-08-032, as well as all other applicable Commission rules, decisions, General Orders, and statutes that pertain to California public utilities, subject to the exemptions granted in this decision.

5. Applicant shall file amended tariffs, including a service area map, to reflect the authority granted herein and may not exercise such authority until the amended tariffs have been filed.

6. Applicant shall file a written acceptance of the certificate granted in this proceeding.

7. The certificate granted and the authority to render service under the rates, charges, and rules authorized will expire if not exercised within 12 months after the effective date of this order.

8. The corporate identification number assigned to applicant is U-6154-C which shall be included in the caption of all original filings with this Commission, and in the titles of other pleadings filed in existing cases.

9. Applicant shall send a copy of this decision to concerned local permitting agencies not later than 30 days from the date of this order.

10. Applicant's motion for leave to file the financial information attached to the motion under seal is granted for a period of two years from the date of this decision, and during that period shall not be made accessible or disclosed to anyone, other than Commission staff, except on the further order or ruling of the Commission, the Assigned Commissioner, the Assigned Administrative Law Judge (ALJ), or the ALJ then designated as Law and Motion Judge.



11. If applicant believes that further protection of this information is needed after two years, it may file a motion stating the justification for further withholding the information from public inspection, or for such other relief as the Commission rules may then provide. This motion shall be filed no later than 30 days before the expiration of this protective order.

12. The application is granted, as set forth above.

13. This application is closed.

This order is effective today.

Dated September 7, 2000, at San Francisco, California.

LORETTA M. LYNCH  
President  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
RICHARD A. BILAS  
CARL W. WOOD  
Commissioners